



COMMONWEALTH BUREAU OF CENSUS AND STATISTICS.

## QUARTERLY BUSINESS SURVEY No. 10.

### PRELIMINARY RESULTS.

#### I. VALUE OF STOCKS.

#### II. METHODS OF PAYMENT TO EMPLOYEES.

Quarterly Business Survey No.10 sent out at the end of September, 1949, asked for information about the value of stocks held by private business firms at their last two balancing dates, and about the extent of incentive payment schemes. Preliminary results are presented below. The coverage of the Survey was similar to that of previous Surveys and the sample of firms on whose returns the results below are based account for about 25 per cent of the total payrolls of all private firms subject to payroll tax (excluding those in rural industry). The figures are built up from this sample to provide estimates for all private firms subject to payroll tax.

#### I. VALUE OF STOCKS.

The total book value of stocks, after increasing by about £91m. between 1946 and 1947 and by £113m. between 1947 and 1948, increased by a further £75m. between 1948 and 1949. The value of stocks held both by manufacturing and by trading firms increased between 1948 and 1949 - by £51m. and £24m. respectively. The increase of 11 per cent in the total value of traders' stocks could be accounted for by the increase in prices, but an increase of 15 per cent in the value of manufacturers' stocks may represent some further increase in volume. These movements between 1948 and 1949 are in contrast to those in earlier years. During the two previous years the volume of stocks increased substantially, and the increase was relatively greater in the trading field than in manufacturing.

Table 1 shows the movements in manufacturers' and traders' stocks since 1946.

TABLE 1. VALUE OF STOCKS HELD BY MANUFACTURERS AND TRADERS  
AT BALANCING DATES.

	1946	1947	1948	1949
	£m.	£m.	£m.	£m.
Manufacturers	217	259	325	376
Traders	114	163	210	234
Total:	331	422	535	610

The increase of £51m. in the value of manufacturers' stocks between 1948 and 1949, while lower than the increase of £66m. shown between 1947 and 1948, is still substantially greater than the increase of £42m. between 1946 and 1947. The change in the value of stocks held by firms in the main manufacturing groups is shown in Table 2. Figures previously circulated have been revised for some industry groups but the general trend of the figures, both for particular industries and for manufacturing as a whole, is substantially unchanged.

TABLE 2. VALUE OF MANUFACTURERS' STOCKS.

Industry	1946	1947	1948	1949
	£m.	£m.	£m.	£m.
Engineering and Vehicles	81	95	115	134
Textile	16	21	24	33
Clothing	18	21	29	36
Food, Drink and Tobacco	44	53	60	62
Paper and Printing	11	13	23	25
Other Manufacturing	47	56	74	86



The textile and clothing industries show the greatest percentage increases between 1948 and 1949, with increases of 38 per cent and 24 per cent respectively. The withdrawal of subsidy payments would contribute largely to the increase in the value of stocks for the textile industry and would also affect, but to a lesser extent, values of stocks in the clothing industry. For the textile industry, preliminary estimates show that the value of stocks held by woollen and worsted mills increased from £9.5m. to £14.7m., by cotton mills from £8.9m. to £11.9m. and by all other textile factories from £5.5m. to £6.0m.

The value of stocks held by manufacturers in the engineering and vehicle building and "other manufacturing" industries increased by about 16 per cent between 1948 and 1949. The value of stocks in the food, drink and tobacco industry increased only very slightly and less than in any other industry group.

The movement in traders' stocks from 1946 to 1949 is shown in Table 3.

TABLE 3. VALUE OF TRADERS' STOCKS.

	1946	1947	1948	1949
	£m.	£m.	£m.	£m.
Wholesale	59	88	119	132
Retail	55	75	91	102

Between 1946 and 1948 the value of wholesale stocks about doubled while retail stocks increased by about 65 per cent. Between 1948 and 1949, however, stocks of both wholesalers and retailers have increased by about 12 per cent. Since the movement in prices during the year has been about the same percentage, it appears that there has been substantial stability in the volume of stocks held by traders.

## II. METHODS OF PAYMENT TO EMPLOYEES.

Part 2 of Quarterly Business Survey No.10 asked employers to state the number of their employees classified to show the methods by which they were paid. Separate details were asked in respect of four groups of employees - male and female manual workers and others. Methods of payment were classified into four main groups - (i) piece rates, (ii) time rates plus a commission or task bonus, (iii) time rates plus some other type of bonus and (iv) time rates only. Some of these groups were sub-divided: for example, in group (ii) firms were asked to state separately the number of employees who were paid commissions and the number paid under a task bonus or similar system, in which the bonus was fixed with reference to "output in excess of a standard task" or with reference to "time saved in relation to a standard time for a job"; and in group (iii) employers were asked to show separately employees receiving bonuses based on the value of sales, on prices of the firm's products, on dividends or profits (profit sharing schemes or on some other (stated) basis. The first two groups represent incentive payment schemes in the more restrictive sense of that term, but some of the methods of paying bonuses under (iii) may also properly be classed as incentive payment schemes. As indicated at the beginning of this report, the information collected in these surveys is obtained from a sample of private firms subject to payroll tax. Owing to the special nature of the groups of employees thereby excluded (those in small establishments not subject to tax, and those employed by Commonwealth, State or local governments and semi-governmental bodies) care must be exercised in drawing any conclusions in respect of these groups.

Table 1 shows the percentage of employees in the four groups who were paid under the various methods of payment.

TABLE 1. METHODS OF PAYMENT.

Percentage of Employees in each Employee Group.

Method of Payment	MALES		FEMALES	
	Manual Workers	Other Employees	Manual Workers	Other Employees
1. Piece rates	3.8	} 5.3	9.5	} 5.5
2. Time rates plus a commission or task bonus	6.5		16.9	
3. Time rates plus an annual or other bonus (other than a task bonus)	15.5	25.9	13.4	24.5
4. Time rates only	75.2	69.2	63.0	70.0
TOTAL	101.0	100.4	102.8	100.0



The percentages in the above table add to more than 100 in each column because some employees were classified in more than one of the groups distinguished by the questionnaire, e.g. piece workers who also received an annual bonus. This should be allowed for in interpreting the table and the following comments.

It will be seen that about 10 per cent of the male manual workers and 25 per cent of the female manual workers are paid under a piece work or task bonus system. (The number of manual workers who are paid commissions and therefore included in group 2 is negligible). On the other hand, piece work and task bonuses systems cannot readily be applied to non-manual employees except in special circumstances, and the 5 per cent of male and female non-manual employees in groups 1 and 2 are mainly persons receiving commissions.

Bonuses other than task bonuses were received by about 15 per cent of male manual workers, by about 13 per cent of female manual workers, and by about 25 per cent of non-manual workers. Bonuses related to the selling prices of the firm's products were quite negligible except in the case of the silver-lead mining companies which pay "lead" bonuses. Bonuses related to the value of the firm's sales were paid to about 2 per cent of employees with not very much variation in the percentages as between the four classes of employees. In respect of bonuses related to dividends or profits, the aim was to find out the extent to which definite profit sharing schemes were in operation, and firms were asked to include in this sub-group "only those employees participating in profit-sharing schemes in which the amount of bonuses bears some pre-determined relationship to the amount or rate of profit or dividend". Firms reported that 5 per cent of male manual workers, 7 per cent of other male employees, 3 per cent of female manual workers, and 5 per cent of other female employees received bonuses fixed in this way. "Other" bonuses, however, were paid to more employees than the three types (prices, sales, profits) separately listed. Some of these other bonuses were related to production or length of service and could therefore be regarded as types of incentive payments. Others were described by such terms as "out of profits at the discretion of the directors", but the most common description was "extra week's (fortnight's) salary", "10 per cent of annual wage or salary at Christmas", or some similar description which indicated that the bonuses represented a proportionate addition to ordinary time rates of wage or salary.

After all the above groups have been considered and duplication has been eliminated, there remains the great bulk of employees who receive only time rates of pay without any supplement. These amount to 75 per cent of male manual workers, 63 per cent of female manual workers and 70 per cent of other employees. It should be noted that time rates were defined to include "any regular payments above award not related to specific factors such as work done, profits, etc." The figures in this paragraph must not, therefore, be interpreted as a measure of the percentage of employees who are paid "award" wages or salaries.

So far as the main types of incentive payments (piece rates and task bonuses) are concerned, interest centres mainly on manual workers and particularly those in manufacturing industry. Table 2 amplifies Table 1 by showing, for manual workers, the methods of payment in operation in various industrial groups:

TABLE 2. METHODS OF PAYMENT TO MANUAL WORKERS.  
Percentage of Employees in Each Employee Group.

Industry	MALES				FEMALES			
	Piece rates or task bonuses	Time rates plus other forms of bonus	Time rates only	Total (a)	Piece rates or task bonuses	Time rates plus other forms of bonus	Time rates only	Total (a)
Manufacturing -								
Engineering and Vehicles	16.3	18.9	65.2	100.4	26.1	18.9	55.7	100.7
Textiles	25.8	25.9	54.1	105.8	55.2	20.7	35.6	111.5
Clothing	12.6	11.4	76.5	100.5	29.6	12.1	61.0	102.7
Food, drink and tobacco	3.7	12.1	84.5	100.3	25.9	11.2	63.0	100.1
Wood, furniture, etc.	10.6	9.6	79.8	100.0	(b)	(b)	(b)	(b)
Paper and Printing	3.0	21.3	76.7	101.0	33.7	19.1	49.1	101.9
All other	12.5	18.6	71.5	102.6	31.0	21.4	50.5	102.9

(Table continued on next page).



TABLE 2. METHODS OF PAYMENT TO MANUAL WORKERS.

(Continued)

Percentage of Employees in Each Employee Group.

Industry	MALES				FEMALES			
	Piece rates or task bonuses	Time rates plus other forms of bonus	Time rates only	Total (a)	Piece rates or task bonuses	Time rates plus other forms of bonus	Time rates only	Total (a)
All Manufacturing	12.2	16.7	72.2	101.1	32.3	15.0	55.9	103.2
Mining	29.1	17.4	56.8	103.3	(c)	(c)	(c)	(c)
Building	4.9	2.8	92.3	100.0	(c)	(c)	(c)	(c)
Transport	2.8	8.3	90.0	101.1	(c)	(c)	(c)	(c)
Wholesale and retail trade	2.9	24.6	72.9	100.4	29.0	19.1	57.7	105.8
All other	3.1	4.4	92.5	100.0	2.9	4.9	92.3	100.1
ALL INDUSTRIES	10.3	15.5	75.2	101.0	26.4	13.4	63.0	102.8

(a) Percentages add to more than 100 in each column because some employees were classified in more than one of the groups distinguished by the questionnaire, e.g. piece workers who also received an annual bonus.

(b) Included with "all other" manufacturing.

(c) Included with "all other".

Of manual workers in manufacturing industries 12 per cent of the males and 32 per cent of the females are on piece work or a task bonus system. In all manufacturing industries a considerably higher proportion of females than of males is paid under one of these incentive schemes. The textile manufacturing industry with 25 per cent of males and 55 per cent of females has the highest proportion of piece or task workers, but even apart from textiles, between a quarter and a third of female manual workers in all manufacturing industries are paid by piece rates or under a task bonus system. The proportion of employees who receive some other type of bonus is about the same for males and females, so that a considerably higher proportion of males than of females receives time wages only. The percentage of men receiving time rates without any addition at all is below 70 per cent only in mining, engineering, and textile manufacturing, and in several industries is above 90 per cent. Mining and textile manufacturing are the only groups in which more than 20 per cent of the male manual workers are paid under a piece work or task bonus system.

In addition to the information discussed above the survey asked for the number of employees participating in pension, provident or similar funds, but no separate details were obtained for manual and other employees. The results of this part of the survey are given in the following table:

TABLE 3. PERCENTAGE OF EMPLOYEES PARTICIPATING IN PENSION OR PROVIDENT FUNDS.

Industry Group	Males	Females
Mining	46.5	(a)
Manufacturing	20.8	6.6
Building	1.7	(a)
Transport	20.1	(a)
Banking, Insurance and Finance	62.5	27.0
Wholesale and Retail Trade	29.9	11.2
All Other	7.2	6.6
ALL INDUSTRIES	23.6	9.0

(a) Included with all other.



As would be expected the percentage of male employees participating in pension or provident funds is higher than that of females - 24 per cent as compared with 9 per cent. The banking and insurance group, with 63 per cent of males and 27 per cent of females covered, has the highest proportion of employees participating in pension funds, the high proportion of permanent clerical staff facilitating the organisation of such schemes in this group. A substantial proportion of employees in the mining industry also participates in pension schemes. Pension schemes are virtually non-existent in the building industry where the casual nature of the work would make them more difficult to organise. In all industries pension schemes are practically confined to the larger establishments.

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